



**REGULAR MEETING**  
**PUBLIC EMPLOYEES' RETIREMENT BOARD**

**FEBRUARY 23, 2006**

The regular meeting was called to order by President Carey at 8:30 a.m. Thursday, February 23, 2006. Roll call was taken with all members of the Board being present. Board members and staff present were:

Carole Carey, President  
Betty Lou Kasten, Vice President  
Robert Griffith, Member  
Jay Klawon, Member  
Troy McGee, Member  
John Paull, Member  
Terry Smith, Member  
Roxanne Minnehan, Interim Exec. Dir.  
Kelly Jenkins, Counsel  
Melanie Symons, Counsel  
Linda Owen, Secretary

**OPEN MEETING**

Jim Christnacht, Charles Stohl and Stephen C. Kologi, AMRPE; Tim Jones and Sue Winchester, Great-West Retirement Services; Dave Senn, Teachers' Retirement System; Tom Schneider, MPEA; Nanette Gilbertson, MT Sheriffs' and Peace Officers' Association (MSPOA); Janet Kelly, Department of Administration; Kristin Jacobson, CMS; Anita Teichrow, Public; Jim Molloy, Attorney/Mark Tymrak; Chris Kukulski and Mark Tymrak, City of Bozeman; Paul Luwe, City Attorney/City of Bozeman; Kurt Bushnell, Rick Ryan, Chad Nicholson, Matt Norby, Scott Moore and Jack Trethewey, members of the Montana State Firemen's Association; and Kim Flatow, Member Services Bureau Chief; Roxanne Minnehan, Fiscal Services Bureau Chief; Kathy Samson, Defined Contributions Bureau Chief; Carolyn Miller, Administrative Officer; Rob Virts, Training and Development Specialist; and Barb Quinn, Accounting Supervisor, MPERA, joined the meeting.

**MINUTES OF OPEN MEETING**

The minutes of the open Board meeting of January 19, 2006 were presented. Mr. Paull moved that the minutes of the previous open meeting be approved. Mr. Smith seconded the motion, which upon being submitted to vote, was duly carried with the seven attending members voting aye.

The minutes of the open regular Board meeting of January 26, 2006 were presented. Mr. Griffith moved that the minutes of the previous open meeting be approved. Mr. McGee seconded the motion, which upon being submitted to vote, was duly carried with the seven attending members voting aye.

The minutes of the Board Personnel Sub-committee meeting of February 6, 2006 were presented. Mrs. Kasten moved that the minutes of the previous open meeting be approved. Mr. Paull seconded the motion, which upon being submitted to vote, was duly carried with the three committee members voting aye.

The minutes of the Board Legislative Committee meeting of February 7, 2006 were presented. Mr. Griffith moved that the minutes of the previous open meeting be approved. Mrs. Kasten seconded the motion, which upon being submitted to vote, was duly carried with the three committee members voting aye.

*No public comment on any subject of interest to the Board not on the agenda.*

**EXECUTIVE DIRECTOR'S REPORT** – Roxanne Minnehan, Interim Executive Director

**Human Resource Contract Addendum** – A contract was entered into by Communication and Management Services (CMS) and the PER Board for the purpose of providing consulting services related to the recruitment and selection process for the Executive Director position. As of January 31, 2006, CMS had exceeded the \$5,000 estimated contract price. They have requested an addendum to the contract for the work remaining.

Kristin Jacobson explained that their originally anticipated scope of work was considerably less than the services needed have actually been. CMS had estimated the number of hours that were reasonable based on past experience. Typically, when CMS oversees such a project, they provide advice and consultation. The board meetings, committees meetings, and meetings with the Governor's Office had not been anticipated in the first contract cost estimate. As of January 31, 2006, CMS invested 111.5 hours at \$60/hour, or \$6,690. CMS estimated that \$12,000 would cover the total costs.

Mrs. Kasten regrets that this hiring process has taken so long and hopes that the current situation has not discouraged top candidates from applying. She thanked Ms. Symons for her extra effort and long hours put into the work involved. Mr. McGee noted that the \$12,000 requested does not include the advertising expense. Mr. Klawon added that, because of the Governor's and Budget Director's intervention, this hiring process has cost the Board further time and money. Mr. Klawon moved that the Board make David Ewer pay his share of the expenses incurred by the Board. Mrs. Kasten agreed with the concept, but did not feel the Board had the authority to do that. The motion died for lack of a second.

Ms. Jacobsen provided the Board with a cost breakout, explaining how many hours have been incurred within the different areas of the hiring process, and how many additional hours will be needed. She also noted that MPERA staff will assume some of the tasks, which will cut costs. Mrs. Kasten felt the Governor's Office seemed to have more validity with CMS than the three Sub-committee members, which certainly lengthened the time CMS spent with the process. Ms. Jacobson stated they tried not to reinvent documents per the Governor's input. She did not feel they gave more consideration to input from the Governor's Office. They simply presented options

and tried to balance the input to meet both parties' needs, making the revisions requested if it remained in line with what the Sub-committee wanted. Ultimately, the Board makes the final decisions. The remainder of the work that needs to be completed, based on the timeline and steps outlined by the Board, should not go over the recommended addendum amount of hours. Ms. Symons clarified that the Board has paid \$5,000 for the initial contracted hours, which does not include through the end of January. A total cost of approximately \$8,400 has been incurred through the February Board meeting. Mr. McGee requested and received a summary of what has been accomplished and paid for, and what still remains.

Mrs. Kasten moved that the Board approve amendments to its December 9, 2005 contract with Communication and Management Services to address the additional time required and to permit a maximum total expenditure of \$12,000. Mr. Klawon pointed out that, due to the micro-managing of David Ewer and the Governor's Office, this has cost the Board way more than the initial process would have cost. Because of that, he does not support the motion. Mr. Griffith seconded the motion, which upon being submitted to vote, was duly carried with six of the attending members voting aye, and Mr. Klawon voting nay.

**Executive Director Recruitment & Selection Timeline** – The hiring process timeline was revisited because of Board member schedule conflicts. Mr. Klawon has been on the Personnel Sub-committee from the beginning, but according to the current timeline, he may not be available for the interviews. Mrs. Kasten wished to seek a resolution to ensure all Board members could be present for the interviews.

Ms. Jacobson noted that in the vacancy announcement, which was posted January 20, there was a range of days (March 29-31) the interviews and presentations would occur. The presentations will be open to the public. Several options were discussed and scheduling conflicts were considered. The Board has done everything they can to accommodate the Governor's Office, the press and the public. The most pressing issue is to get a new executive director hired.

Mrs. Kasten moved that the Board approve the February 7<sup>th</sup> proposed Executive Director Hiring Process timeline as is, with interviews, presentations and a decision made on March 31st. Mr. Griffith seconded the motion, which upon being submitted to vote, was duly carried with the seven attending members voting aye.

**Travel Reimbursement Request by Board Member** – Board member Terry Smith requested reimbursement for travel expenses for voluntarily attending SAVA Committee meetings. The Executive Director denied the requests. Mr. Smith had not been informed the requests were denied and he is protesting the decision.

Ms. Minnehan explained that Mr. Smith requested reimbursement for travel to SAVA Committee meetings in September, October, November and December 2005, totaling \$468. The reimbursements were inadvertently approved and he received reimbursement. With the December travel claim, the error was discovered and an adjustment was made to recoup the reimbursement. Mr. Smith was not informed of the error or the method of correction. According to Board policy, it

is up to the Board whether reimbursement should occur. Historically, Board members have not been reimbursed for **voluntary** travel to committee meetings. The Board also has not budgeted for this type of expense.

Mr. Klawon felt it was appropriate for the Board President to request a Board member to attend a particular meeting, but not for a member to choose to go just for the sake of going, and then expect to be reimbursed. They can go to a meeting as a private citizen, but not as a Board member.

Mr. Smith pointed out that the SAVA committee meetings he attended were prior to the special session. Based on Board meetings prior to that special session, it was his impression that Board members were encouraged to attend those meetings to learn what the committee's plans were regarding retirement issues. If it were not appropriate to submit a request for reimbursement for that travel, he would expect that to have occurred far sooner than late January when he called checking on his reimbursement. Mr. Smith noted that he has asked for mileage reimbursement only.

Mrs. Kasten stated there have been times when Board members have attended SAVA committee meetings because they were interested and wanted to provide input, but they have never asked for reimbursement. It is something Board members do, and are encouraged to do, but they do it as being part of the Board, not because there is reimbursement. Mr. Paull added that President Carey, as well as the Board's legal counsel, were in attendance at those SAVA committee meetings. Mr. Smith was not officially requested to be there.

Mr. McGee did not feel the issue of reimbursements has been well documented. He did not believe Mr. Smith, being a new member on the Board, had a good understanding of what was expected. Mr. McGee felt it was a little late to find the error and then expect Mr. Smith to pay back the money. While Mr. McGee did not agree with reimbursement to Mr. Smith for attending the SAVA committee meetings voluntarily, he felt the reimbursements should stand. The Board may need to establish a clearer policy regarding this issue. The Board President should determine when it is necessary for Board members to attend a meeting.

Mr. Smith stated he used his constitutional right to speak as an individual participating in the retirement plans, to discuss issues regarding the DC plan. It was not until after that point that Mr. O'Connor decided these were not reimbursable expenses, so Mr. Smith felt this was a punitive move. Mr. Jenkins felt a possible misconception on Mr. Smith's part was the position taken by Mr. O'Connor with regard to the DC plan issues and other issue. It was not his position; it was the Board's position. Mr. Jenkins noted that Mr. Smith made it clear to the SAVA committee that he was in attendance as an individual and not as a Board member. He expressed his individual opinion which was contrary to the Board's opinion. In that case, being at these meetings not in his official capacity as a Board member, he should not be provided Board reimbursement for exercising his constitutional rights as an individual.

Mr. McGee moved to approve the voluntary attendance and reimbursement by a Board member at the SAVA committee meetings in September, October, November and December. Motion died for lack of a second.

Discussion occurred after which it was determined that no additional motion was needed regarding Mr. Smith's situation.

Mr. McGee moved that in the future, the Board President must determine what is actually and necessary attendance prior to voluntary attendance by Board members. In addition, the policy will be amended to assure clarity for reimbursement for attending various meetings. Mr. Griffith seconded the motion, which upon being submitted to vote, was duly carried with the seven attending members voting aye.

**City of Bozeman/Mark Tymrak** – Staff had questioned Mark Tymrak's employment status with the city of Bozeman. He was the city of Bozeman's Police Chief. He retired from MPORS when he became the city of Bozeman's Director of Public Safety. Since then, he has been receiving an MPORS retirement benefit and has been reported as an active PERS member. His job description changed last July, eliminating non-police department related work. It was staff's position that because Mr. Tymrak's job now meets the definition of "police officer," he must be considered an active member of MPORS, ineligible to receive benefits. Mr. Tymrak's MPORS benefit was stopped in January. As an active member of MPORS, his service in PERS must be adjusted and Bozeman must make adjustments to his contributions. Both the city of Bozeman and Mr. Tymrak have challenged this action.

Mr. Jenkins began his presentation by projecting the city of Bozeman's website on the screen. Mr. Jim Molloy, attorney for Mark Tymrak, stated it was his understanding that materials the Board has considered are materials that should have been submitted 21 days prior to the Board's consideration. He has never seen what Mr. Jenkins just distributed to the Board and did not think it was appropriate to go beyond what the Board already had before them, and consider what was just put in front of them.

Mr. Jenkins noted that the regulations require submission of information from the claimant in advance so staff has time to analyze their position. The Board can or cannot decide to consider other things that staff presents to them. Mr. Jenkins pointed out the claimant would not have seen, previously, what is presented to the Board for the first time today, but that is of no consequence because the claimant does not have an opportunity, in the initial consideration by the Board, to comment further on materials submitted by staff. If the Board decides against them today, they can ask for reconsideration and address the materials at that time.

Mr. Molloy felt it was incorrect to read that the regulations refer only to the claimant. It refers to materials to be considered by the Board, moreover, on general concepts of due process. Mr. Tymrak is suffering substantial economic harm based on a unilateral decision, and the notion that that can happen and they have to just sit back and watch what the staff decides to put in front of the Board is entirely inconsistent with due process. Mr. Molloy wanted it on record before the full Board that that will create additional issues as this Board moves forward. The Board can resolve everything by appropriately reversing the staff decision here today.

President Carey explained there was an objection by Mr. Molloy to Mr. Jenkins presenting additional information to the Board because it did not meet the 21-day deadline. Ms. Symons stated that the 21-day notice, as she understood it, was for the claimant to present their information soon enough for staff to review it and put a response in the Board packet, and include the claimant's information and the staff's response. However, this is the Board's initial consideration and, generally, there is no discussion of the issues. The Board makes their determination based on the material submitted. Staff may answer Board questions, but normally, on the Board's initial determination, there are no presentations. That would be the next step. Usually legal counsel answers the Board's questions and gives their position that supports staff determination. Then if the claimant goes to a contested case or comes back to the Board for reconsideration, both sides give their oral presentation. With that, President Carey stated the exhibit projected by Mr. Jenkins' would be disregarded.

Mr. Jenkins noted the Board has received submissions from the city of Bozeman and Mr. Tymrak supporting the position that Mr. Tymrak should remain a retired police officer rather than an active police officer. Mr. Jenkins had provided a memorandum outlining the background with exhibits, as well as additional information regarding submissions Mr. Tymrak made to the Governor's Office requesting reappointment.

There is substantial confusion back to the time when Mr. Tymrak first became a retired police officer. The only issue before the Board today is that, as of July 10, 2005, when Mr. Tymrak became director of public safety-police, with only police oversight functions, he then became the functional equivalent of chief of police and does that then meet the definition of a police officer in the MPORS? Mr. Jenkins also noted that the city of Bozeman does not currently have a designated chief of police which it is required to have. The question before the Board is whether, in his current job capacity, Mr. Tymrak has the job responsibility to be a regular-acting police officer. Mr. McGee added that it is not the Board's responsibility to determine if Bozeman is complying with that part of the law.

Mr. Klawon made a motion that Mark Tymrak is retired from MPORS and is an active member of PERS. Mr. Klawon agreed with Mr. Tymrak's position that he is no longer an active police officer. He viewed him more like a "commissioner" of the police department, which would make retired from MPORS and make him a current member of PERS. Mr. McGee felt that Bozeman needs a chief of police, but that the Board cannot say this individual is chief of police. Mr. McGee seconded the motion, which upon being submitted to vote, was duly carried with six of the attending members voting aye, and Mrs. Kasten voting nay.

**Grasshopper Valley Rural Volunteer Fire Department** – The Grasshopper Valley Rural Volunteer Fire Department was requesting that the Board accept the Annual Certificate filed on September 19, 2005 for the fiscal years 2000, 2001 and 2002. The Annual Certificates were signed and notarized. Included was the appropriate training documentation for all fiscal years.

Barb Quinn explained the Grasshopper Volunteer Fire Department began reporting to the VFCA in 2003, although they were actually a department before that. The Fire Chief was requesting to go back to when the department was actually created and the Board accept their annual certificates for

2000, 2001 and 2002. Mr. McGee moved that the Board uphold the staff determination that the Grasshopper Valley Rural Volunteer Fire Department is eligible to receive credit and the members should receive credit for years of service as listed on the annual certificates for the fiscal years 2000, 2001 and 2002. Mr. Paull seconded the motion, which upon being submitted to vote, was duly carried with the seven attending members voting aye.

**PERS Contract** – Mr. Griffith moved that the Board approve the PERS local government employer coverage contract for the Phillips Conservation District, as proposed. Mr. Paull seconded the motion, which upon being submitted to vote, was duly carried with the seven attending members voting aye.

**Out of State Travel Authorization** – The Board was requested to authorize Kim Susag, Information Systems Manager, to attend a Business Process Modeling class in Edina, MN, May 13-18, 2006. Mr. Paull made a motion to approve the out-of-state travel authorization for Kim Susag. Mr. Griffith seconded the motion, which upon being submitted to vote, was duly carried with the six attending members voting aye. (Mr. Klawon was out of the room.)

**Tri Partite Appointment** – The Tri Partite Board is now called the Joint Issues Committee. It consists of the Board of Investments, Teachers' Retirement Board and Public Employees' Retirement Board. The purpose of this board is to meet at least annually to coordinate and understand the needs and challenges of each board. Mr. Dave Ewer requested the executive directors meet with him February 22, 2006, to develop a tentative agenda for a mid-March/early April Tri Partite meeting. John Paull and Betty Lou Kasten will be the MPERB representatives on the committee.

**SAVA Meeting** – Ms. Minnehan advised the Board that the SAVA committee meeting will be meeting Monday, March 6, 2006. David Niss, Legislative Services staff attorney, will be presenting bill drafts to implement options contained in his November 22 letter to Carolyn Squires:

- Legislating Executive Director qualifications.
- Bringing MPERA back under the Department of Administration.
- Requiring confirmation of the Executive Director by the Senate.
- Allowing public input into the Executive Director hiring decision.
- Extending the 30-day period for filing a legal action based on open meeting violations.
- Broadening the list of potential plaintiffs in an open meeting violation.

President Carey requested that Mrs. Kasten attend this meeting because of her experience with the legislature.

**Legislative Plan Design Options** – Ms. Minnehan stated there has been a lot of discussion from various entities suggesting "fixes" for the retirement systems. There are several bill drafts regarding retirement issues. The Board Legislative Committee agreed the Board needs to be proactive in determining what suggestions they would, would not, or may be willing to consider. Staff needs to know the Board's preliminary stand on these proposals. The Board can then direct the staff to obtain more information.

The Board reviewed plan design options to determine which ones would be given their consideration. The option categories included:

- Employer contribution increases.
- Contribution increases for new hires.
- Decrease retirement incentives.
- Modify retirement eligibility for new hires.
- Modify benefit formula calculations for new hires.
- Other options.

The Board has their three bills; top priority is to actuarially fund the retirement systems. Mr. Jenkins reminded the Board they are not proposing legislation; they are just deciding if they would be willing to consider any of these options if someone else proposed them.

The Board voted to preliminarily “consider,” “not consider” or “maybe consider” each plan design option presented.

Mr. Klawon departed the meeting.

***Responsibilities of Pension Fiduciaries Presentation*** – Board members watched a NASRA DVD presentation on “Responsibilities of Pension Fiduciaries with Bob Klausner” during their lunch break.

**BOI Annual Report** – Carroll South, Executive Director for the Montana Board of Investments, presented an annual update for the last fiscal year. Every actuarial valuation is based on assumptions, and investment return assumptions are the most volatile. Actual returns are driven by capital markets. The S&P 500 represents 80% of all domestic stocks. The stock market, in general terms, fell 49% by October 2002 and has increased 66% since then, with 18% to go to get back to where it was. We should not have any expectations that investment returns will “fix” the unfunded liability problem. Annual returns of 13.38% would be required each of the next five years in order to get back to the 8% actuarial assumption.

What needs to be impressed upon the legislature is that the “surplus” was not money in the bank; it was a hypothetical surplus. The assumptions on which the GABA increase was based, despite the over-performance during the last five years, was that an 8% investment return was going to continue over the next several years, and that simply was not true.

Mr. South reviewed the change in value of PERS from 2004-2005, noting the book value comparison and the fair market value comparison, as well as the income by source, and historical returns.

The BOI has hired a consultant who is currently performing an asset liability study on the Teachers’ Retirement System. It is expected that study to be completed sometime in April. After that, an asset liability study will begin for the PERS.



Clifford Sheets, Chief Investment Officer for the BOI, began his presentation with a capital markets overview for the final quarter of 2005. Overall economic growth was only at a 1.1% rate during the fourth quarter. However, economists are predicting a rebound to almost 3-4% growth in the first calendar quarter of 2006.

Mr. Sheets gave a quick summary of the returns by asset class. The stock market outperformed bonds as the interest rose. He reviewed the asset allocation of the PERS portfolio as of January 31, 2006. The total equity allocation of 69.9% has almost reached the current 70% maximum equity allocation range guideline. The investment strategy for the plan going forward is to further diversify the portfolio by introducing additional asset classes that the various pension plans do not yet have exposure to, and by diversifying further within existing asset classes. These actions are expected to enhance the return prospects and lower overall risk to the portfolio. Mr. Sheets answered any questions Board members had.

**Meeting Minutes** – The recent increase in the number of Board and committee meetings has placed an unusual burden on the Board's secretary. Understandably, there is concern regarding an unreasonable workload and what can be done to alleviate the extent of the minutes provided. Ms. Symons researched the statutes and advised the Board it was her legal opinion that the Board and committee meeting minutes cannot be merely a summary of the agenda items or a listing of the decisions made, but must include "the substance of all matters proposed, discussed, or decided."

Mrs. Kasten felt that, in an effort to cut back on the workload, copies of the tapes could be provided for the committee meetings instead of minutes. However, she did understand the opinion of legal counsel. Mr. McGee noted that the minutes have become increasingly extensive over the years. He felt the Board secretary was doing a superb job, but that such detail should not be necessary. The Board determined that, with the ongoing executive director hiring process, more extensive minutes are beneficial. However, shorter minutes would be reasonable and will be considered at a later date. President Carey thanked the Board secretary for the good job she has been doing on the minutes.

**Request for Proposals (RFP) Timeline** – Kathy Samson reviewed a draft timeline for the Defined Contribution Plans Request for Proposals (RFP) process that will begin this year. She pointed out the RFP structure, where the Board will be going, and what their expectations would be.

Ms. Samson advised the Board there may be two RFP's. There is no question there needs to be an administrative and recordkeeping services RFP. The extent to which education services would be wrapped into that RFP will depend upon Board decisions as they are considering draft RFP's. There will be two Education policies: general education and investment education.

The current Administrative and Recordkeeping Services contract with GreatWest Retirement Services expires on June 30, 2007, so a new contract needs to be in place by then. Staff will draft the education policies for Board review and approval at their March 30 meeting. In April and May, staff will draft the RFP's and the Board can provide further direction on what they want incorporated. The RFP should be finalized and distributed by July 15, 2006. The new vendor selection process would be completed in January 2007, and the new contract(s) would become effective July 1, 2007.

**Education Policies** – The Board’s education philosophy should to be addressed prior to drafting the Defined Contribution Plans Request for Proposals (RFP). Ms. Samson addressed two draft education policies:

- General Education – The objective of the Board’s education programs is to focus on increasing member knowledge of their retirement plans and to provide members with a foundation for retirement and personal financial planning. The Board wants to ensure that members have information to make informed retirement choices and assist with retirement and financial planning.
- Investment Education – The objective of this policy is to define the investment education to be provided to all MEPRA administered systems, but most specifically, participants of the PERS Defined Contribution Retirement Plan and State 457 Deferred Compensation Plan; and to define who may provide education.

The Board reviewed each policy separately and incorporated minor grammatical changes. The Investment Education Policy includes definitions of investment education, investment guidance, and investment advice, which were taken from standard federal guidelines. The policy should help the Board decide whether or not they want to provide investment “advice,” or just go with education and guidance.

Mr. Jenkins suggested making it clear in the policy that the Board is not giving “free rein” for anybody who might have licensure to provide investment advice or guidance on behalf of the Board. Mr. McGee added that anyone, other than staff, who is providing advice on behalf of the Board must have a contract. Ms. Symons recommended the language under “Board Responsibility” to read: “...the services are conducted in accordance with the contract between the provider and the Board.” For purposes of clarification, Tim Jones noted that the Board or Plan would enter into a contract with a vendor who provides advice and the vendor would assume the fiduciary responsibility for that advice.

Staff will make the recommended changes to the policies and bring them back to the Board for approval.

**Governor’s Lawsuit** – Ms. Symons and Ann Brodsky, legal counsel for the Governor, discussed entering into a settlement regarding the Governor’s pending lawsuit against the PER Board. According to Ms. Brodsky, the Governor’s Office is willing to dismiss the lawsuit with prejudice, if the Board will put in a statement that this does not mean the complaint was inappropriate or based on faulty information. Ms. Symons felt this settlement would be a very good idea.

Ms. Symons noted that nothing has happened as a result of the Board’s denial of the Teichrow Grievance at Step III.

**NAPPA Conference** – Mr. Jenkins gave a brief summary of the National Association of Public Pension Attorneys’ (NAPPA) Winter Conference he attended in Washington, DC in February.

**Future Board Meetings** – Thursday: March 30 and April 27, 2006.

**Operational Summary Report** - The Executive Director presented an operational summary report for the month of January 2006, answering any questions Board members had.

**The following portion of the meeting relates to matters of individual privacy. President Carey determined that the demands of individual privacy clearly exceed the merits of public disclosure. As such, this portion of the meeting will be closed.**

### **CLOSED MEETING**

**Executive Director Recruitment & Selection Interview Questions** – At the Personnel Sub-committee meeting on February 6, 2006, the committee once again reviewed what should stay in closed meeting and what should be open to the public. Mrs. Kasten had wanted to provide one more opportunity for someone to say the Board was not conducting the hiring process properly. No comments were received. The sub-committee also reviewed and selected the questions to be used for the interviews. Mrs. Kasten explained that the sub-committee had orientation regarding the applications, and they discussed how they would rate the interviewees. The Board will have a similar discussion before the interviews.

The Board addressed the requests from Dave Ewer and Ann Brodsky regarding the interview process, reviewing their issues and responses. Ms. Symons noted that the meeting with Dave Ewer was very favorable and complimentary. Mr. Ewer felt the sub-committee was doing an outstanding job. He was very happy with the process and thought it was being executed in a very professional manner.

The Board wants to ensure a consistent level of engagement with each candidate, and be sure the process is consistent and fair for all interviews. The presentation topic will be provided when the finalists are notified.

Mr. Griffith departed the meeting.

Mrs. Kasten moved that the Board accept the recommendations of the Personnel Sub-committee and the amendments made to those recommendations. Mr. Smith seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

A list of the questions will be provided to each candidate 15 minutes prior to their interview. The public can be present for the presentations, but no questions or public comment will be allowed.

### **MINUTES OF CLOSED MEETING**

The Executive Director presented the minutes of the closed meeting of January 26, 2006. Mr. Paull moved that the minutes of the previous closed meeting be approved. Mr. McGee seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

**RETIREMENT REPORT** – Kim Flatow, Member Services Bureau Chief

**Disability Claims** – Ms. Flatow presented the disability claims for Board consideration. Mr. Paull made a motion for approval of the disability claims as recommended for Robert Feoick and David Witt, without annual review; and for Terry Rusek, with annual review. Mr. McGee seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

**Disability Review** - Ms. Flatow presented the disability review to the Board. After discussion, Mr. Paull made a motion to approve the disability reviews as recommended: to continue disability retirement and discontinue annual review for Martha Kingsbury. Mr. Smith seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

**Finalized Service/Disability Retirement Benefits, Monthly Survivorship/Death Benefits, and Funeral Benefits** - Applications for service retirements/finalized disability benefits, applications for monthly survivorship-death benefits, and applications for funeral benefits were presented to the Board. Mr. McGee made a motion to approve the retirement benefits as presented, except for Michael O'Connor. Mr. Paull seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

Because Mr. O'Connor has done such a good job for the retirement Board, Mr. McGee moved that the application for service retirement for Michael O'Connor be approved. Mr. Paull seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

**Laura May- Request for Service Credit** – Laura May was terminated from her position with Anaconda-Deer Lodge in May 2004. In October 2005, as a result of arbitration, she was reinstated to her position and received retroactive salary. Anaconda-Deer Lodge and Ms. May are requesting appropriate service credit for the months of June 2004 through November 2005.

Mrs. Kasten moved that the Board grant 17.01 months of service credit to Laura May for June 2004 through November 2005. Mr. Smith seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

**Caroline Shaw** – Caroline Shaw contacted MPERA asking for verification on when her 25 years of service credit would occur. After retirement, she was notified of an adjustment to her retirement benefit due to having less than 25 years of service credit. She appealed the staff determination.

Mrs. Kasten moved to provide Caroline Shaw a refund cost statement to purchase 1.07 months of refunded service, effectively allowing her to reach 25 years of service credit for retirement, for \$181.72. Mr. McGee seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

**Contested Case Report Update** - The Board Attorneys presented a contested matter status report update.

## **ADJOURNMENT**

There being no further business to come before the Board at this date, Mr. McGee made a motion to adjourn the meeting. Mr. Smith seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye. The next meeting is tentatively scheduled for March 30, 2006, at 8:30 a.m. in Helena.